Air Force Center for Engineering and the Environment

Integrity - Service - Excellence

Small Business Programs

ESG/SB San Antonio OL

Typoglycemia

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Enterprise Sourcing Group (ESG) Organizational Overview

- New organization aligned to Air Force Material Command (AFMC) to execute enterprise-wide strategic sourcing located at Wright Patterson AFB

- Contracting and Small Business resources currently supporting Air Force Center for Engineering and the Environment (AFCEE), Air Force Civil Engineering Support Agency (AFCESA), Defense Technical Information Center (DTIC), and the Air Force Medical Enterprise will all realign under the ESG
  - ✓ Realignment is phased from 28 Oct 10 - 31 Mar 11
  - ✓ AFCEE Contracting & Small Business Divisions realigned 1 Jan 11

- Technical resources did NOT realign to ESG

What this means for AFCEE/SB

- AFCEE/SB resources realigned under and report to ESG/SB
  - ✓ Officially ESG/SB San Antonio Operating Location (OL)
    - ✓ New office symbol is ESG/SB and is no longer AFCEE/SB
  - ✓ Will continue to support current organizations & gain new ones
    - ✓ ESB/SB OL supports both contracting and technical

- As AFCEE/SB supported only AFCEE

- As ESG/SB will support AFCEE, ESG Business Support OL, Medical, Force Protection Commodity Council, and AFCESA
  - ✓ AFCEE support continued as it was
  - ✓ ESG Business Support OL support effective 1 Nov 10
  - ✓ Medical support effective 1 Jan 11
  - ✓ Force Protection Commodity Council effective 17 Feb 11
  - ✓ AFCESA support effective 31 Mar 11

ESG/SB OL Customers

- AFCEE Contracting designated as 772d Enterprise Sourcing Squadron (ESS)
  - ✓ Currently located at Port San Antonio

  - AFCESA Contracting designated as 772 ESS OL (772 ESS/PKH)
  - ✓ Reports to 772 ESS at Port San Antonio
  - ✓ Currently located, and will remain, at Tyndall AFB

  - 772 ESS and 772 ESS OL provide enterprise-wide strategic sourcing support to enhance and further the Air Force Civil Engineer mission to provide, operate, maintain, and protect sustainable installations as weapon-system platforms through engineering and emergency response services

ESG/SB OL Customers cont'd

- Air Force Medical Enterprise Contracting designated as 773 ESS
- Formerly AFMSA and AFMOA
  - Air Force Medical Support Agency
  - Air Force Medical Operation Agency

- Contracting resources were located at Falls Church, VA and Port San Antonio
  - All will be located at Port San Antonio

- Provides enterprise-wide medical acquisition to the Air Force Medical Service (AFMS) and the warfighter to improve customer support, reduce purchase cost of services, reduce variation in service contracts by increasing standardization, accelerate delivery responsiveness and provide lifecycle management support

ESG/SB OL Customers cont'd

- Air Force Force Protection Commodity Council
- ✓ Contracting resources located at Lackland AFB
- ✓ Strategically sourcing force protection equipment for 30,000 Active Duty, Guard and Reserve Security Forces Airmen located at every Air Force installation and deployed location

- 770th Business Support Squadron OL
- ✓ Currently located at Port San Antonio
- ✓ Provides general support functions to organizations aligned to the ESG, manages business operations including resources and information technology, and provides acquisition support to the organization's strategic sourcing process

ESG Organizational Structure

ENTERPRISE SOURCING GROUP

AFMC/CC

ESG/CL – Director
ESG/DD – Deputy Director & Director of Contracting
(WPAFB OH)

- **ESG/SB – Director of Small Business (WPAFB OH)**
  - **ESG/SB (Kelly USA TX)**
- **770 Business Support Squadron (WPAFB OH)**
  - 770 BSS/OMB (Kelly USA TX) Business Support Flight
  - 770 BSS/OMF Finance Flight
  - 770 BSS/OMM Resource Mgmt Flight
  - 770 BSS/OMP Acq & Prog Spt Flight
- **771 Enterprise Sourcing Squadron (WPAFB OH)**
  - 771 ESS/EGA CE Supplies & Equip Flight
  - 771 ESS/EGB Strategic Spt Flight
  - 771 ESS/EGC Commodities Flight
  - 771 ESS/EGF (Lackland AFB TX) AF FPCC Contract Spt Flight
  - 771 ESS/EGI (Gunter Annex AL) AF ITCC Contract Spt Flight
  - 771 ESS/EGS Services Flight
- **772 Enterprise Sourcing Squadron (Kelly USA TX)**
  - 772 ESS/PKA Construction Flight
  - 772 ESS/PKB Environmental Flight
  - 772 ESS/PKD Contingency Ops Flight
  - 772 ESS/PKH (Tyndall AFB FL) AFCESA Contract Spt Flight
  - 772 ESS/PKJ BRAC/MMR Flight
  - 772 ESS/PKS Specialized Contract Flight
- **773 Enterprise Sourcing Squadron (Kelly USA TX)**
  - 773 ESS/PKA AFMSA Contract Spt Flight
  - 773 ESS/PKB AFMOA Contract Spt Flight
  - 773 ESS/PKJ (WPAFB OH) AFMSCC Contract Spt Flight
- **ESG/PKS (Offutt AFB NE) DTIC Contract Spt Flight**

OL = Operating Location

1/25/2011

What is a Small Business Office?

- Director's advocate/representative for Small Business and Historically Black Colleges and Universities/Minority Institutions

- Part of the team, working to accomplish the mission through enhancement of SB and HBCU/MI participation

- Strives to ensure that the acquisition community views interactions with small business as more important than merely a means to achieve numerical goals

- Small business specialists work aggressively with base customers to create strategies that support our Warfighters

- Every Air Force base has a small business specialist
  - ✓ www.airforcesmallbiz.org
  - ✓ Locator Map - Search by Base or by State

What Does ESG/SB Do ?

- Maximize small business participation by early involvement on all acquisitions
- Advise/assist acquisition personnel with small business issues
- Participate on source selections as evaluator
- Participate as advisor to the Source Selection Authority
- Evaluate subcontracting plans
- Counsel and provide support to small businesses
- Liaison with large businesses
- Maintain an outreach program
- Develop and conduct education and training
- Review contract “Tool-Box” utilization
- Participate in all Industry Days and Contractor Schools
- Industry Sounding Board
- Answerable to DoD/SAF/MAJCOM small business leadership

What is the Small Business Administration (SBA)?

- Created in 1953 as independent agency of the federal government
  - ✓Preserve free competitive enterprise
  - ✓Maintain and strengthen the overall economy of our nation
  - ✓Aid, counsel, assist & protect the interests of small businesses
    - Technical assistance (training and counseling)
    - Financial assistance (loans and surety guarantees)
    - Contracting assistance (govt contracting and size standards)
    - Disaster assistance recovery
    - Special interests (women, native Americans, veterans)
    - Advocacy, laws and regulations (ombudsman and advocacy)
    - Civil Rights compliance

- Only agency with authority to determine whether a firm is a small business when an interested party protests size status

What is a PCR and CMR?

- PCR - Procurement Center Representative
  - ✓Reviews all acquisitions over $100K to increase small business share of Federal procurement awards
  - ✓Provides small business sources to Federal buying activities
  - ✓Counsels small business firms
- CMR - Commercial Market Representative
  - ✓Conducts compliance reviews of prime contractors
  - ✓Counsels small businesses on how to obtain contracts
  - ✓Conducts matchmaking activities to facilitate subcontracting
  - ✓Provides orientation and training on the Subcontracting Assistance Program for both large and small businesses

Why Use Small Businesses

- ✓ Because we are required to:
  - FAR 19.201(a) “It is the policy of the Government to provide maximum practicable opportunities in its acquisitions to small business……”
  - DoD Directive 42051c “It is DoD policy that a fair proportion of DoD total purchases, contracts, subcontracts and other services….be placed with small business concerns……”

Teaming

- FAR 9.603: “The Government will recognize the integrity and validity of contractor team arrangements; provided the arrangements are identified and company relationships are fully disclosed in an offer…”
  - ✓ This means a teaming agreement or letter of intent must be included with the proposal
  - ✓ 772 ESS (AFCEE contracting support) Request for Proposals (RFPs) allow for team members experience and past performance to count **IF** a teaming agreement was included in the proposal

Types of Teams

- Prime/Subcontractor
  - ✓ Prime is responsible for contract performance
  - ✓ Privity of contract between Government and Prime
  - ✓ Team identified in proposal
    - Mentors and Protégés not automatically considered a Team
- Joint Ventures

Formal Joint Ventures

- FAR 19.101 defines a Joint Venture as an association of persons or concerns…concerting to engage in and carry out a single specific business venture for joint profit, for which purpose they combine their efforts, property, money, skill, or knowledge, but not on a continuing or permanent basis
- Contract in Joint Venture's name
- Contract performance responsibility lies with Joint Venture
- Agreement must include sharing profits/losses proportionate to each party's contributions to business operation

Why Team?

- Enables firms to complement each other's capabilities
- Enables firms to offer the best combination of performance, cost, and delivery
- Enables small businesses to effectively compete for larger scale requirements
- Enables large businesses to meet their subcontracting goals

Selecting Teaming Partners

- Compatible contractors
- Assess team chemistry
  - ✓ Management styles, corporate cultures, strategic visions
- Assess team member capabilities
  - ✓ Business, financial, other resources
- Assess team member past performance
- Assess legal constraints
  - ✓ OCI issues, debarments/suspensions, qualification requirements
- <u>All must understand terms & conditions of agreement</u>

Affiliation

- Affiliation deals with business relationships a small business may have with other firms and how those relationships affect the size status of the small business
  - ✓ Prime-sub relationship that is not at arms length
  - ✓ Formal Joint Venture
  - ✓ Business relationship outside particular contract that may cause affiliation

Affiliation Rules

- Normal Rule: Affiliated business concerns' receipts or number of employees are added to determine eligibility under size standards
- SBA excludes joint ventures/teaming arrangements in certain circumstances
  - ✓ Size Standard is applied to individual concerns rather than to the combined assets of the team/joint venture
  - ✓ A joint venture/teaming arrangement of two or more business concerns may submit an offer as a small business without regard to affiliation as long as all are small under the NAICS used **IF…**

Affiliation Rules
Non 8(a) Exclusion

- The acquisition is bundled at any dollar value

- For non-bundled acquisitions
  - ✓ Where contract value (including options) exceeds ½ the applicable revenue-based size standard
    - Example – for size standard of $31.5M, contract value must exceed $15.75M
  - ✓ Where contract value (including options) exceeds $10M for employee-based size standard
    - Example – for size standard of 500 employees, contract value must exceed $10M

Affiliation Rules 8(a) Exclusions

- Normal affiliation rules apply to
  - ✓ **All** sole source 8(a) acquisitions
  - ✓ Competitive 8(a) acquisitions that do not exceed the thresholds shown in previous slide

Affiliations – 8(a) Exclusion

- A joint venture/teaming arrangement of at least one 8(a) and one or more other business concerns may submit an offer under a competitive 8(a), as an 8(a) concern, without regard to affiliation **IF…**

Affiliation Rules 8(a) Exclusion

- Each concern is small
- At least one 8(a) participant to the joint venture is less that ½ the NAICS size standard
- 8(a) is managing venturer
- Employee of 8(a) managing venturer is project manager of contract
- 51% of joint venture profits go to 8(a) member(s)
- Approved by Small Business Administration (SBA)
- When forming a joint venture or affiliation consult legal counsel

13 CFR 124.513(c)

Other Affiliation Exceptions

- SBA Mentor-Protégé Program (13 CFR 124.520)
  - ✓ Designated to provide technical/management assistance, financial assistance, subcontract support, contract performance assistance through Joint Ventures
  - ✓ Mentor may be large or small
  - ✓ Protégé must be 8(a) in development stage, or never have received 8(a) contract, or less than ½ size standard or primary NAICS code
  - ✓ Mentor Protégé Agreement will not be approved if used as just a mechanism to enable non-8(a) to receive 8(a) contracts

Other Affiliation Exceptions cont'd

- SBA Mentor-Protégé Program (13 CFR 124.520) (continued)
  - ✓ For any procurement
    - 8(a) firm is exempt from affiliation rules when it joint ventures as a protégé with a mentor firm (large or small) under the program
    - SBA must approve Joint Venture agreement
    - 8(a) must be small under NAICS code
    - Must meet limitations on total sole source dollars (monitored by SBA and firm)

Other Affiliation Exceptions cont'd

- Indian Tribes, Alaskan Regional or Village Corporations (ANC), Native Hawaiian Organizations (NHO)
  - ✓ Business concerns owned by these groups are not considered affiliates of such entities, or with other concerns owned by these entities solely because of their common ownership (13 CFR 121.103)
  - ✓ Many of these business concerns are qualified as 8(a) firms

Limitations on Subcontracting

- Percentages outlined in FAR 52.219-14
  - ✓ Varies for Services, Supplies, General Construction, and Special Trades
  - ✓ If Offeror is exempt from affiliation (i.e. bundled, exceed thresholds, SBA MP Joint Venture) and qualifies as a SB, performance of work requirements apply to the cooperative effort of the team or Joint Venture

- EOS = At least 50% of the cost of contract performance incurred for personnel shall be expended for employees of the small business prime contractor

- Only applicable if you have to be small business to get contract

Two Issues

- Affiliation and Limitation of Subcontracting are separate issues
  - ✓ Affiliation deals with how business relationships can affect the size of a small business (13 CFR 121.103)
  - ✓ Limitations on Subcontracting deals with how much a small business can subcontract (FAR 52.219-14)

- Both issues apply **ONLY** if a contractor must be small to be eligible for award

- Full & open contract awards, regardless of size of business, should not have FAR 52.219-14 in the contract

Meeting FAR 52.219-14

- 13 CFR 125.6(h)(i) allows the cooperative efforts of joint ventures (formal or informal) in meeting FAR 52.219-14

- AFMC allowed for presumption of informal joint ventures (teams) between the small business prime and its small business 1st tier subcontractors

- SBA ruling states informal joint venture is not presumed and must be evidenced by an agreement between the business concerns explaining the relationship is an informal joint venture and meets the CFR definition of joint venture. (13 CFR 121.103(h))

Meeting FAR 52.219-14 cont'd

- AFMC allows for subcontracting limitations requirement to be fulfilled by formal or informal joint ventures meeting the requirements of CFR
- CO shall request agreement as part of proposal submittal
- At a minimum, agreement shall include
  - ✓ Official names of parties to the joint venture and their respective signatures
  - ✓ Statement as to whether the joint venture is formal or informal
  - ✓ Purpose of the agreement
  - ✓ Effective dates/performance period for the agreement
- Prime may use first tier small business subcontractors **if** submitted teaming agreements with proposal

EOS Subcontracting Goals

- Small Business goal is based on **total dollars awarded**
  - ✓ Small Business 28%

- Subcategory goals are based on your anticipated subcontracted dollars
  - ✓ Small Disadvantaged Business 5%
  - ✓ Woman Owned Small Business 5%
  - ✓ HUBzone Small Business 3%
  - ✓ Veteran Owned Small Business 3%
  - ✓ Service Disabled Veteran Owned Small Business 3%

  - Failure to meet EOS Mission Capability, Small Business Participation Sub-factor evaluation criteria may result in no award

EOS Subcontracting Goals

- Does not apply to work performed in foreign countries
  - ✓ When reporting your goals do not include this work
- Minimum, Government specified goals
  - ✓ Floor not ceiling
- Goals based on market research
- Overall SB goal expressed as % of **total dollars** awarded
  - ✓ This **is not** your anticipated subcontracted dollars
  - ✓ This **is** your anticipated total dollars awarded to you
- Sub-category goals expressed as % of your anticipated subcontracted dollars

Subcontracting Plan Evaluation

- Formerly review & approval of plan only
- Small business volume was evaluated
- Now both are evaluated
- Impacts
  - ✓ Failure to meet EOS evaluation criteria may result in no award
    - Discussions vs. Award w/o Discussions

Market your capabilities

- Do it yourself
- Capability statements/brochures
- CCR/Dynamic Small Business Search
- Attend open houses, symposiums, vendor demos
- Become Fed Biz Opps junkie
- Do not overlook subcontracting opportunities
- Know your customer
- Visit small business office
- Market the program managers
- Follow-up
- Do not hesitate to ask questions

Sources Sought Synopsis or Request For Information

- Sources sought synopsis = your opportunity to influence acquisition strategy
- Questions on NAICS code, small business goals, teaming, number of contracts, costing type
- Contracting Officer reviews and prepares market research report
- Coordinates with small business office and acquisition strategy is finalized
- Two or more in a size category to have a set-aside
- Cannot merely answer yes or no and expect it to count
- Typically these are for new contracts, but you may see RFIs at the task order level

Please Write Questions On Card
To Be Presented At Panel Discussion
(One Question Per Card)